

**WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

Rock Hill, South Carolina

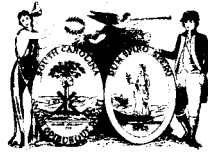
INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES

June 30, 2002

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State of South Carolina



Office of the State Auditor

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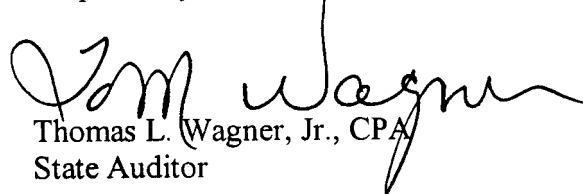
May 7, 2003

The Honorable Mark Sanford, Governor  
and  
Members of the Board of Trustees  
Winthrop University  
Rock Hill, South Carolina

This report on the review of the statement of revenues, expenditures and transfers of the Winthrop University Intercollegiate Athletics Program for the fiscal year ended June 30, 2002, and the application of certain agreed-upon procedures to the accounting records of the Winthrop University Intercollegiate Athletics Program was issued by Cherry, Bekaert & Holland, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

  
Thomas L. Wagner, Jr., CPA  
State Auditor

TLWjr/cwc



## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Thomas L. Wagner, Jr., CPA  
State Auditor  
State of South Carolina  
Columbia, South Carolina

Dr. Anthony J. DiGirogio  
President  
Winthrop University  
114 Tillman Hall  
Rock Hill, South Carolina 29733

We have performed the procedures described below, which were agreed to by the South Carolina Office of the State Auditor and the Board of Trustees and management of Winthrop University, solely to assist these users in evaluating the performance of the University's Intercollegiate Athletics Program (IAP) and to assist the University in complying with NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2002. The University's Board of Trustees and management are responsible for Winthrop University's compliance with the requirements of NCAA Bylaw 6.2.3.1, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. We obtained from management the statement of revenues, expenditures and transfers of Winthrop University Intercollegiate Athletics Program for the year ended June 30, 2002, as prepared by management of the University and shown on pages 6 and 7 in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the financial statement to management's worksheets and compared the amounts on management's worksheets to the 91000 & 92000 series of accounts in the University's general ledger. We found no exceptions as a result of the procedures.
2. We obtained from management a list of all outside organizations not under the University's accounting control. Such an organization has as its principal or one of its principal purposes the generating of resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the Program. We also obtained descriptions of the University's methods for gathering information on the nature and extent of each of those organizations' activities for or on behalf of the Intercollegiate Athletics Program.
3. We confirmed the amounts received from these outside organizations directly with responsible officials of the respective organizations. We compared the amount per the confirmation with the amount recorded in the Athletic Department's general ledger and on the Statement of Revenues, Expenditures and Transfers included as Attachment A to this report. We found no exceptions as a result of these procedures.

4. We obtained from management a listing of all expenditures made directly by the respective outside organizations (not under the University's accounting control) to or on behalf of the University's Intercollegiate Athletics Program or employees to determine if they are included as revenues and expenditures on the University's Intercollegiate Athletics Program's accounting records and the Program's statement of revenues, expenditures, and transfers. We compared the amounts on this list with the amounts recorded on management's worksheets. We found no exceptions as a result of these procedures.
5. We requested a listing of all expenditures made directly by other external parties (e.g. related parties, foundations, individuals, business, or other organizations) for or on behalf of the University's Intercollegiate Athletics Program or the Program's employees to determine if they were included as revenues in the Program's statement of revenues, expenditures and transfers. We also obtained descriptions of the University's methods for gathering information on the nature and extent of such gifts/contributions by those parties. For fiscal year ended June 30, 2002, management told us that no expenditures by such external parties were made.
6. We scanned the Intercollegiate Athletics Program contributions revenue accounts detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For these recorded receipts, we obtained and read correspondence from the donor to determine the receipts were classified in accordance with NCAA guidelines, to identify those received from independent outside sources (those which don't have as one of their principal purposes the promotion and support of the athletics program), and to determine that the source and value of each such contribution is disclosed in a footnote to the statement. Other than the contribution described in Note 1 of Attachment B, we identified no other recorded individual contribution in excess of ten percent of all contributions.
7. We obtained from management the general ledger activity for all cash receipts related to intercollegiate athletics. We selected 25 individual receipts, which represented 9.26% of the total receipts for intercollegiate athletics. We then compared the recorded cash receipt amount to the amount on the cashier office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the treasurer's office. See attachment C to this report for a summary of items selected. We found no exceptions as a result of the procedures.
8. We asked management to describe specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.
  - a. We obtained from management a listing of coliseum events for the year ended June 30, 2002. From this list we selected four events, SC Cheerleader Competition, Piedmont Medical Christmas Party, Gamecock Club Meeting, and the Yeager Weekend of the Diamonds. For the four Coliseum lease events we obtained and read the signed rental agreement. We compared the amount of lease revenue per the contract with the amount recorded in the general ledger. For the events that had ticket sales, the Gamecock Club meeting and the SC Cheerleader Competition, we recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold by the individual ticket price. We compared the number of tickets sold per the lease agreement with the amount of tickets sold per the future ticket report. We obtained and read the correspondence accompanying the concession revenue commission check received from ARAMark on June 13, 2002. We compared the amount on the accompanying correspondence with the amount recorded in the general ledger. The total of selected items of facility leasing was 52% of the total of 46 leased events and the total of the selected concession report was 43% of the total of recorded concession receipts. We found no exceptions as a result of the procedures.
  - b. We selected a sample of recorded expenditures for contractual services, travel, uniforms, financial aid and equipment and supplies from the general ledger. We compared the classification of the selected expenditures in the statement on Attachment A to the classifications permitted by NCAA Guidelines as stated by the NCAA Audit Legislation. For the selected expenditures we obtained the related disbursement package to determine the items required by Winthrop's procurement policy were included and that the expenditure had been authorized in accordance with Winthrop's procurement policy. The total of the selected expenditures was 2% of the aggregate of total recorded expenditures. The items selected and procedures performed are included as Attachment D. We found no exceptions as a result of the procedures.

- c. We asked management to describe the basis for allocating student activity fees and student athletic fees to athletics and obtained from management the reconciliation of total student fees revenue. Management explained to us the student activity fees were allocated between the Dinkens Student Life Center and the Athletic Department. The amount to be allocated to the Athletic Department is based on expenditures in general ledger account numbers 191031 and 191032, non-program student activity fees. We obtained the University's general ledger detail in FRS from management for these accounts. We calculated the total expenditures from these two accounts and compared the total with the amount of Student Activity Fee revenue recorded in the general ledger and on the Statement of Revenues, Expenditures and Transfers. Management explained to us the student athletic fee is based on fees charged to students for debt service. We obtained from management the University's general ledger detail in FRS for account number 072300-4010. We compared the total of this account with the amount of Student Athletic Fee revenue recorded on the Statement of Revenues, Expenditures and Transfers. We found no exceptions as a result of the procedures.
9. We obtained all daily cash receipts reports for the Intercollegiate Athletics Program prepared by various program representatives. We selected two of these reports, one from golf and one from Women's Volleyball. We recalculated the reports, compared the amount on the department deposit receipt with the amount on the cashier's office deposit transmittal, and compared the amount recorded on the cashier's office deposit transmittal to the amount recorded in University's general ledger accounts for the Intercollegiate Athletics Program. We found no exceptions as a result of the procedures.
10. We obtained and read copies of the game guarantee contracts. We recalculated the total amount of these guarantee contracts. We compared this amount with the amount recorded as Guarantee revenue on the Statement of Revenues, Expenditures and Transfers. We also compared basketball guarantee expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger. We found no exceptions as a result of the procedures.
11. We obtained a schedule of athletics department salaries from management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on The Statement of Revenues, Expenditures and Transfers. We calculated the related fringe expenditures using Winthrop's fringe benefit rate and compared the amounts calculated with the reported expenditures in the appropriate general ledger accounts. We found no exceptions as a result of the procedures.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the specified areas, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor and the users specified in paragraph one of this report and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for these purposes.

*Chung, Behant, Holland, L.L.P.*

March 26, 2003  
Florence, South Carolina

**WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

Statement of Revenues, Expenditures and Transfers  
For the Year Ended June 30, 2002  
"Unaudited"

	<u>Men's Basketball</u>	<u>Other Sports</u>	<u>Nonprogram Specific</u>	<u>Total</u>
<b><u>Revenues</u></b>				
Ticket Sales	\$ 59,714	\$ 38,422	\$ -	\$ 98,136
Guarantees	136,595	18,250	-	154,845
Coliseum Parking	-	-	4,153	4,153
Coliseum Concessions	462	8,893	22,124	31,479
Coliseum Facility Leasing	-	-	201,808	201,808
Entry Fees	-	20,980	-	20,980
Summer Camps	-	-	12,531	12,531
Student Activity Fees	-	-	2,621,656	2,621,656
Student Athletic Fees	-	-	457,956	457,956
Advertising	60,935	32,839	980	94,754
Interest Income	-	-	6,293	6,293
Contributions - Restricted	20,111	55,143	-	75,254
Contributions - Unrestricted	-	-	51,931	51,931
Contributed Support - Winthrop Foundation - Note A	3,550	3,655	256,753	263,958
NCAA and Conference Grants	42,000	-	121,883	163,883
NCAA Distribution	20,195	-	-	20,195
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 343,562	\$ 178,182	\$ 3,758,068	\$ 4,279,812

**WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

Statement of Revenues, Expenditures and Transfers  
For the Year Ended June 30, 2002  
"Unaudited"

	<u><b>Men's Basketball</b></u>	<u><b>Other Sports</b></u>	<u><b>Nonprogram Specific</b></u>	<u><b>Total</b></u>
<b><u>Expenditures</u></b>				
Salaries				
Coaches	\$ 238,376	\$ 523,524	\$ -	\$ 761,900
Other	11,419	36,515	511,009	558,943
Graduate Assistantships	6,431	29,391	22,585	58,407
Fringe Benefits	62,396	152,486	128,024	342,906
Financial Aid	132,785	535,390	11,788	679,963
Telephone	5,230	17,288	23,765	46,283
Repairs	-	708	13,815	14,523
Printing and Advertising	6,651	17,207	77,436	101,294
Contractual Services	59,658	73,633	109,247	242,538
Food Services	6,285	11,316	50,526	68,127
Travel				
Team	112,332	233,890	9,498	355,720
Recruiting	25,285	66,417	-	91,702
Other	3,038	11,755	20,677	35,470
Uniforms	10,353	72,451	4,244	87,048
Rents	-	13,436	15,610	29,046
Insurance	1,611	1,593	58,114	61,318
Dues, Licenses, and Subscriptions	3,999	4,290	50,585	58,874
Awards	238	513	22,344	23,095
Equipment and Supplies	5,105	43,016	144,214	192,335
Purchases For Resale	-	1,842	9,811	11,653
Guarantees	23,737	12,848	-	36,585
Postage	1,252	4,194	21,623	27,069
	<u>716,181</u>	<u>1,863,703</u>	<u>1,304,915</u>	<u>3,884,799</u>
Total Expenditures				
	<u>716,181</u>	<u>1,863,703</u>	<u>1,304,915</u>	<u>3,884,799</u>
Transfers Out For Debt Service	<u>9,043</u>	<u>-</u>	<u>353,354</u>	<u>362,397</u>
(Deficit) Excess Revenues (Under)				
Over Expenditures and Transfers	<u>\$ (381,662)</u>	<u>\$ (1,685,521)</u>	<u>\$ 2,099,799</u>	<u>\$ 32,616</u>



**WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

Note to Statement  
June 30, 2002

**NOTE ONE - CONTRIBUTIONS**

Contributed support from the Winthrop Foundation, an outside organization, in the amount of \$ 263,958 results from the Foundation making or committing to make expenditures on behalf of the Intercollegiate Athletics Program for items such as athletic scholarships and equipment. This amount is more than ten percent of the total contributions received for intercollegiate athletics during the year ended June 30, 2002. No other contributions, from individual sources, in excess of the ten percent were received during the fiscal year.

**WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

Selected Cash Receipt Items  
For the Year Ended June 30, 2002

<u>Item</u>	<u>Amount</u>
Youth Baseball Camps	\$ 2,052.00
MBB Ohio State Game Guarantee	45,000.00
MBB Nebraska Game Guarante	45,000.00
MBB Clemson Game Guarante	35,000.00
MBB Phoenix Classic Game Guarante	10,000.00
Wingate Inn Advertising	500.00
Holiday Inn Advertising	2,000.00
NCAA	50,000.00
BSC Membership Distribution	42,000.00
ARA	12,500.00
Freedom Temple	8,817.00
Peidmont Medical Center	22,847.79
D&B Yager Enterprises	27,226.25
Adv Men's BB Season Tix	8,658.00
Baseball Season Tix	2,560.00
Basketball NCAA Ticket Sales	12,500.00
Softball Ticket Sales	1,350.00
Florida	4,000.00
ARA	5,000.00
Venture Industries	5,000.00
BSC Baseball Tournament	13,410.00
Northwestern Graduation	2,528.00
Rock Hill HS Graduation	3,676.00
Cheerleader Competition	16,724.45
	<u>17,977.34</u>
 Total Tested	 <u><u>\$ 396,326.83</u></u>

**WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

Selected Cash Disbursement Items  
For the Year Ended June 30, 2002

<u>Item</u>	<u>Amount</u>
Blanchard Machinery	\$ 707.59
Rock Hill Glass	338.08
Sign Techniques	954.00
Laserturf Southeast	3,000.00
BP Oil Company	141.91
Dell Marketing LP	2,048.77
The Big South Conference	12,000.00
National Athletic Trainers Assoc	165.00
Reynolds and Reynolds	3,619.90
Andrea McCartney	283.78
Hilton Garden Inn	130.98
Nothin But Sports	3,442.35
Washingtonville Soccer	4,688.00
Jersey's Mikes	236.70
Microtel Inn and Suite	126.54
Kristi Jordan	800.00
Class Act	2,000.00
Pal's Printing and Emb	1,527.00
ARA	4,951.57
GMAC	370.98
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	\$ 41,533.15
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